

CHAPTER 5

ESTABLISHMENT, CONTINUANCE, AND DISESTABLISHMENT OF COMMISSARIES

Part A - Policy

5-101 General Policy

The establishment of commissaries shall be authorized in accordance with the criteria in this section. The establishment/disestablishment of commissaries in the United States shall be approved by **ASD(FM&P)**. In overseas locations the Secretary of the respective Military Department shall advise **ASD(FM&P)** at least 60 days prior to any obligation of funds to establish/disestablish a commissary. Additionally any overseas request shall consider the provisions of any basing or status of forces agreements. The Military Department shall reexamine, and certify the continued need for operation of each military commissary to **ASD(FM&P)** on an annual basis. (see section 5-104)

5-102 Justification for Establishing Commissaries

The Department of Defense operates commissaries as an integral element of the military pay and benefits system and as an institutional element to foster the sense of community among military personnel and their families. They are a proven, efficient method of compensating military personnel. The savings offered by well-managed commissaries provide significant noncash benefit to military personnel at lower cost than cash pay equivalents. Additionally, commissary benefits foster a community identity and instill essential confidence among military personnel that the military institution is caring for the well being of their families when military duties require their absence. These functions of the commissary are necessary to willing acceptance of the demands of military duty and to military readiness. For these purposes, the Military Departments may request authority to establish commissaries on military installations performing active duty missions. Approval for establishment, continuation and disestablishment shall consider the following criteria:

5-103 Establishment of New Commissaries

When requesting approval of new commissaries, including all operating locations, the Secretary of each Military Department shall provide the following information, in narrative form, to the **ASD(FM&P)**.

- a. Installation strength.
- b. Whether the installation previously had a commissary store, and if so, reasons for closing.
- c. Whether an existing building will be used.
- d. Manpower requirements for operating the store.
- e. Total capital outlay necessary for equipment.
- f. Projected dollar sales per month.

- g. Facility requirements size and cost, to include source of funding.
- h. Whether any other commissary is available within 30 minute (one way) travel time.
- i. Number of families who are or will be stationed on the installation.
- j. Number of potential patrons of the store.

5-104 Continuation of Commissaries

Subsequent to the reexamination referred to in section 5-101, the Secretary of each Military Department shall forward to the ASD(FM&P) a listing (by state and country) of the location of all commissaries to be operated during the upcoming Fiscal Year, before January 1 of the current Fiscal Year. (See section 1-201-14.) This annual listing of U.S. and overseas commissaries shall be provided to the Department of Defense to ensure that a current listing of operational activities is adequately maintained and recorded. The report shall also provide the following information for each store operated the preceding fiscal year the average monthly retail sales; monthly sales per workyear; monthly sales per square foot of commissary sales area; annual sales per appropriated (operations and maintenance and military personnel) dollar spent for that store; and annual surcharge revenues. Total fiscal year operating costs will be reported in three categories: appropriated direct costs, appropriated indirect costs, and surcharge revenues. Recognizing that it is difficult to isolate indirect cost on a store by store basis, appropriated indirect costs will be an estimate for the aggregate service commissary system. It is not necessary to report indirect costs for each store. Total annual sales will be reported. Troop issue sales shall not be included in retail sales. This information will be based upon the fiscal year ending September 31, prior to the date of the report. The instructions and format shown in appendix 1 and 2 respectively shall be used for the report. Reports Control Symbol DD-FM&P(A)1187 is assigned these reports. The report shall be entitled the "DoD Commissary Operations Report."

5-105 Disestablishment of Commissaries

When any of the following criteria is met a commissary shall be considered for disestablishment. If there are overriding circumstances which warrant continued operation such as remote active duty mission location, the Military Department shall provide specific justification to ASD (FM&P) for continued operation. These criteria will not be construed as hard and fast rules, and the needs and welfare of the military community will be given primary consideration.

- a. The installation no longer has an active duty mission.
- b. Less than 100 active duty personnel are assigned.
- c. When the total number of DoD commissaries operated in the 48 contiguous states is programmed to exceed the number authorized by Act of Congress the DoD Commissary Executive Board will make appropriate recommendations to the respective Military Department and the ASD(FM&P).

d. When there is another commissary of any service within a 30 minute travel time, a cost analysis will be conducted by the Military Service having the predominant number of active duty personnel assigned considering the cost effectiveness and potential quality of service that would be provided by an executive agency operation by a single service. The results of this cost analysis should be considered by the DoD Commissary Executive Board on a recurring basis when warranted.